Center for Social Development

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POLICY BRIEF

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Asset-Based Policy in Hong Kong: Child Development Fund

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Summary

The government of Hong Kong launched the HK$300 million Child Development Fund (CDF) in November 2008 to “capitalize on the strengths of various sectors in the community to help our disadvantaged children,” according to then Hong Kong’s Secretary for Labor and Welfare, Mr. Matthew Cheung Kin-chung. The Hong Kong government drew upon the asset-building research and experience of the Center for Social Development (CSD) at Washington University in St. Louis. Michael Sherraden of CSD consulted for the Hong Kong Government’s Commission on Poverty that planned the CDF policy.

Context

The Hong Kong government established the Child Development Fund (CDF) to “capitalize on the strengths of various sectors in the community to help our disadvantaged children,” said then Secretary for Labor and Welfare, Mr. Matthew Cheung Kin-chung at the launching ceremony of the CDF in Hong Kong on November 23, 2008. The objective of the CDF is to “provide the participating children with more personal development opportunities, and …to encourage these children to develop an asset-building habit and to accumulate financial assets as well as non-financial assets.”

Implementation

The targeted children are aged between 10 and 16 years and come from low-income families. As of August 2015, more than 11,000 children benefited from this program. Six nongovernmental organizations (NGOs) carried out the first seven CDF pilot projects.

The CDF consists of three key parts: (1) personal development plans, (2) mentorship program, and (3) targeted savings. Participating children work with their mentors and NGOs and make plans for personal development with specific goals. Training opportunities and community service are offered. Each participating child receives guidance from their mentor as they pursue their planned goals.

The monthly savings target for each participating child is HK$200 (USD $26) for all participating children and their family during the two-year savings period. The participating NGOs invite business and/or private donors to match savings made by the children. The matching rate is set at 1:1 or greater. As incentives for children, each child who completes the two year program is entitled to receive HK$3,000 (USD $387) in the third year. Participating children are allowed to spend their savings in accordance with their personal development plans in the third year.

Research

Michael Sherraden of CSD has been awarded the Distinguished Visiting Professorship by Hong Kong Polytechnic University (HKPU). Sherraden advised on the CDF evaluation research led by HKPU. The overarching goal is to use research findings to guide and inform the HK government as it considers using the CDF as a model to promote long-term child development. The research team investigated (1) personal development of adolescents from disadvantaged backgrounds under a mentorship program and a targeted savings plan, (2) accumulation and changes in financial and non-financial assets, and (3) critical success factors in the organization of the pioneer programs.

Hope Development Accounts

Since 2008, the Community Services Division of Tung Wah Group of Hospitals has launched the "Hope Development Accounts" (HDA) in Tin Shui Wai. Modeled after individual development accounts (IDAs) in the United States, the goal of these matched savings accounts is for adult females from poor families to save to achieve their long-term goals. During the saving period, financial planning and related training programs are provided to enhance the participants' financial and human capital.

Mandatory Provident Fund

Another example of asset-based policy in Hong Kong is the Mandatory Provident Fund (MPF), created to encourage its citizens to save and invest over the long-term for retirement security. In fiscal year 2008, the Hong Kong government distributed fiscal surpluses to support the MPF of employees whose monthly salary is less than HK $10,000. 1.4 million low-waged employees have benefited from this one-time governmental support of HK$6,000.

Challenges

As always, the policy landscape is not benign. While some policy thinkers in Hong Kong have a vision of including asset building while maintaining other social supports, others have a vision of reducing or eliminating basic child welfare programs.

The long-term challenge will be greater inclusion and progressivity, such as including all Hong Kong children in the CDF, especially those with disadvantaged backgrounds. The MPF will also require greater public support to accounts of home income households.

Prospects

CDF is a promising tool for children's development in Hong Kong. CDF could also serve as a model to inform policies in mainland China and other parts in Southeast Asia. Matching savings for adults, as in IDAs, might also be expanded to make the MPF more progressive

Appendix: Selected publications on asset-based policy in Hong Kong

» Chan, C. C., Lai, M. K., Ng, E. C. W., & Lau, W. S. Y. (2013). A review of features and outcomes of the Hong Kong Child Development Fund. China Journal of Social Work, 6(2), 127–148. doi: 10.1080/17525098.2013.798240

» Ng, E. C. W., Lai, M. K., & Chan, C. C. (2014). Effectiveness of mentorship program among underprivileged children in Hong Kong. Children and Youth Services Review, 47(3), 268–273. doi: 10.1016/j.childyouth.2014.09.021

» Ng, E. C. W., & Madyaningrum, M. E. (2014). Initiating transformative process through community education program: Two cases from Asia. Journal of Community Psychology, 42(5), 609-620. doi: 10.1002/jcop.21641

Selected media coverage of asset-based policy in Hong Kong

» Takungpao, July 27, 2015, Hk$600 Million Appropriated to Benefit the 20,000 Disadvantaged Children http://news.takungpao.com.hk/paper/q/2015/0727/3080702.html

The Hong Kong government appropriated a total of HK$600 million to benefit a total of 20,000 disadvantaged children via the Child Development Fund.

» Hong Kong Government, July 10, 2013, Press Release on Child Development Fund from the Legal Council meeting http://www.info.gov.hk/gia/general/201307/10/P201307100341.htm

» Wenweipo Newspaper, April 15, 2013, Child Development Fund Makes Impact, the Labor and Welfare Bureau Will Improve it within the Year http://paper.wenweipo.com/2013/04/15/HK1304150053.htm

» Ming Pao Newspaper, June 12, 2010, Child Development Fund Second Batch Projects Kick-Off Ceremony. http://www.cdf.gov.hk/tc_chi/publication/files/sup_1.pdf

The Hong Kong government rolled out the second round of the Child Development Fund.

» Hong Kong Government Press Release: November 23, 2008, "Child Development Fund in full swing next month." http://www.cdf.gov.hk/english/publication/files/20081123_cdf_nextmonth.pdf

The Hong Kong government announced that the Child Development Fund of 300 million Hong Kong dollars will officially kick off in December 2008.

Representative excerpt: *"The idea of the fund is to capitalize on the strengths of various sectors in the community to help our disadvantaged children." Mr. Matthew CHEUNG Kin-chung [Hong Kong Secretary for Labour and Welfare] said at the CDF launching ceremony.*

» Hong Kong Government Website: February 28, 2007, 2007-08 Budget Speech of Mr. Henry Tang, Minister of Finance. http://www.budget.gov.hk/2007/eng/budget18.htm

The Hong Kong government has appropriated 300 million Hong Kong dollars for the establishment of a child development fund.

Representative excerpt: *"To provide children from a disadvantaged background with more development opportunities, I [Hong Kong Financial Secretary Mr. Henry] will earmark $300 million to set up a child development fund."*

» The Standard (China's Business Newspaper): November 11, 2006, "Education fund to help poor children." http://thestandard.hk/news_print.asp?art_id=31578&sid=10818451

This article reports that the Hong Kong government is planning to set up a Child Development Fund to support children with disadvantaged backgrounds. The Fund aims to educate parents and children about long-term savings to support children financially.

Representative excerpt: *"'The important thing is to get the whole business community behind it so they will see that by investing in the next generation, they are contributing to the building up of a society asset, so that we will be more competitive going into the future,' [Hong Kong Financial Secretary Mr. Henry] Tang said Friday at the Child Development Forum organized by the Commission on Poverty."*

» Hong Kong Government Press Release: November 10, 2006, "Building assets: A new approach to promote child development." http://www.info.gov.hk/gia/general/200611/10/P200611100314.htm

Following CSD's research, the Hong Kong government views asset building as an attractive policy tool not only for economic development, but also for social development.

Representative excerpts: *"The asset-building approach is a worthwhile approach for us to re-think our policy in assisting children and their families. Passive assistance delivered to children was not conducive to motivating them to plan for their own future." "Hong Kong should explore a model suitable for the needs of our community… In so doing, we should not limit assets to financial assets only. It should also include intangible assets such as right attitudes and social capital."*

» Hong Kong Government Press Release: November 10, 2006, "Financial Secretary speaks at Child Development Forum." http://www.info.gov.hk/gia/general/200611/10/P200611100213.htm

Mr. Henry Tang, Financial Secretary of Hong Kong, used this speech to announce the consideration of asset-building by the Hong Kong government in future socioeconomic policy that transcends the paradigm of income support.

Representative excerpt: *"In charting our way forward, we must also be aware of the limitations of simply providing income support without instilling the right attitudes and values in our younger generation."*

» Hong Kong Government Official News Site, "On the Record." November 10, 2006, "Ideas sought on child development." http://www.news.gov.hk/en/category/ontherecord/061110/html/061110en11002.htm

This article on the official Hong Kong news site was written by Mr. Henry Tang, Financial Secretary of Hong Kong, to emphasize the need for a change in socioeconomic policy and the central role that asset-building will play in this change.

Representative excerpt: *"I think [asset-based financial assistance] will make a longer-term impact for us to prevent inter-generational poverty and to enhance development of children than just to give them instant gratification."*

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